



STATE OF MAINE  
OFFICE OF THE GOVERNOR  
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February 15, 2011

Senator Michael Thibodeau, Senate Chair  
Representative Stacey Fitts, House Chair  
Joint Standing Committee on Utilities, Energy and Technology  
Senator Roland Collins, Senate Chair  
Representative Richard Cebra, House Chair  
Joint Standing Committee on Transportation  
Maine State House  
Augusta, ME 04333

Dear Senators Thibodeau and Collins and Representatives Fitts and Cebra;

I am writing to report on the "Transportation Efficiency Working Group", which was included in LD 1786 An Act Regarding Energy Infrastructure Development enacted as Public Law 2010, Chapter 655, from the 124<sup>th</sup> Legislature's Second Session. Included in the legislation was a provision for the Governor's Office of Energy Independence and Security (OEIS) to convene a working group in order to "examine and make recommendations regarding transportation efficiency initiatives funded by the revenues collected in the energy infrastructure benefits fund".

The purpose of LD 1786 was to create three statutory energy infrastructure corridors on state-owned land and to create a process for energy infrastructure development in both statutory and petitioned corridors. The revenues generated from such development is to be deposited in the Energy Infrastructure Benefits Fund in which 20% of the revenues are to be deposited in the Transportation Efficiency Fund administered by the Department of Transportation for the following uses:

"The fund must be used by the department to increase the energy efficiency of or reduce reliance on fossil fuels within the transportation system within the State. Uses of the fund may include, but are not limited to, rail, public transit, car and van pooling, zero-emission vehicles, biofuel and other alternative fuel vehicles, congestion mitigation and air quality initiatives that increase the energy efficiency of or reduce reliance on fossil fuels within the transportation system. The department must consider the transfer of funds to the Maine Turnpike Authority for uses consistent with this subsection. Any transfer to the Maine Turnpike Authority under this subsection in any calendar year may not exceed 10% of debt service payable by the Maine Turnpike Authority on its bonds in that calendar year."

As you know, the working group was directed by members of the 124th Legislature and performed by OEIS under the former administration. OEIS and MaineDOT's input is a result of

policy decisions and views expressed by the former administration. Accordingly, this report cannot and should not be considered the work product of the LePage administration. If and when the Utilities, Energy and Technology and/or the Transportation Committee of the 125th Legislature holds public hearings or directs further work in furtherance of this report, the LePage administration will provide policy input at that time.

Currently, there is no revenue in either account as no energy infrastructure development projects have been built. However, we have recently learned that Bangor Hydro and National Grid have a proposed transmission project.

Pursuant to the statute, OEIS convened a working group with representatives from the following state agencies and organizations:

- Representatives of the Maine Department of Transportation (required)
- Representative of the Efficiency Maine Trust (required)
- Representative of the Maine Department of Environmental Protection
- Representative of Environment Northeast
- Representative of the Conservation Law Foundation
- Representative of the Greater Portland Council of Governments
- Representative of GOMaine
- Representative of the Bicycle Coalition of Maine
- Representative of the Natural Resources Council of Maine

OEIS held two face-to-face working group meetings and a final teleconference in order to examine and craft recommendations regarding the allocation of revenues from the energy infrastructure benefits fund for transportation-related purposes and the use of the Transportation Efficiency Fund established in the statute.

Attached is a list of specific recommendations that the working group stakeholders submitted and agreed that revenues in the Transportation Efficiency Fund should fund. (Please note that *subject to review of broader transportation priorities*, MaineDOT is in agreement with the majority of these recommendations, with the exception of the “Alternative Fuel Infrastructure” and the designation of specific routes for expansion of the GO MAINE program.)

In reviewing the legislation, the working group had questions regarding the administration of the Transportation Efficiency Fund by DOT and whether DOT is required to spend the money directly and/or could grant the money to other Maine organizations to implement a specific program or project. The working group recommends that both should be possible in regard to administration of the Fund.

If you have any questions regarding the legislation or the working group’s recommendations, please do not hesitate to contact me.

Sincerely,

*John M. Kerry*

John M. Kerry, Director  
Governor’s Office of Energy Independence and Security